

House Values Increase in most of Maryland CBSA's

Home values for single-family housing units purchased and refinanced with conforming mortgage loans¹ increased in five of the eight Core Based Statistical Areas (CBSAs) in Maryland (See [Map 1](#)) during the first quarter of 2016. The increase in housing values can be attributed to a better balance between supply and demand of houses for sale, historically low interest rates and an improving job market. Growth was strongest in the Washington-Arlington-Alexandria, DC-VA-MD-WV CBSA followed by Silver Spring-Frederick-Rockville, MD MSAD (See [Table 2A](#)). A summary of value changes for each individual CBSA is listed below.

Washington Metro Area²

Washington-Arlington-Alexandria, DC-VA-MD-WV MSAD³

- House values rose by 3.8 percent in 2016:Q1 from the same quarter in the prior year, the 17th consecutive quarters of gains beginning from last quarter of 2011. This metro area's gain was the highest increase among all the regions in Maryland over the last quarter (See [Table 2A](#)).
- The Washington-Arlington-Alexandria, DC-VA-MD-WV MSAD had the highest peak value appreciation of all the MSAs, with a cumulative increase at its peak of 117.2 percent by 2006:Q4 from the base period of analysis of 1995:Q1 (See [Map 2](#), [Map 3](#), and [Map 4](#)).
- Despite gains over the last seventeen quarters, current home values in this MSAD are 23.0 percent below its peak in 2006:Q4. Current values, however, are 67.3 percent above 1995:Q1 (See [Table 2B](#)).

¹ According to the FHFA, "Fannie Mae and Freddie Mac are restricted by law to purchasing single-family mortgages with origination balances below a specific amount, known as the "conforming loan limit." Loans above this limit are known as jumbo loans." Conforming loans are the only loans tracked by the House Price Index. See page 11 for more information.

² Due to its size, the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area is divided into two divisions: the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division (MSAD) and the Silver Spring-Frederick-Rockville, MD MSAD. The FHFA does not publish an HPI value for the MSA as a whole for this dataset.

³ Washington-Arlington-Alexandria, DC-VA-MD-WV MSAD area has been updated to include two new counties, this led to a slight increase (2%) in the total housing stock.

- A hypothetical single-family detached home that was valued at \$150,000 in 1995:Q1 would have been valued at \$325,806 at its peak in 2006:Q4 and would have fallen in value to \$211,471 at its trough in 2012:Q2 and rebounded to \$250,945 by 2016:Q1,⁴ about the same point that it was in 2004:Q3.

Silver Spring-Frederick-Rockville, MD MSAD⁵

- Home values in the Silver Spring-Frederick-Rockville, MD MSAD increased by 2.8 percent in 2016:Q1 from the same quarter in the previous year, the sixteenth consecutive quarter-over-quarter increase. This metro's increase is the second highest among all the CBSA's in the current quarter (See [Table 2A](#)).
- This region had the third highest peak gain among the eight regions, gaining 102.9 percent at its peak in 2006:Q4 from the base year of 1995:Q1 (See [Table 2B](#)).
- Current home values in the Silver Spring-Frederick-Rockville, MD MSAD are 54.9 percent of the base 1995:Q1 values, but 23.7 percent below its peak.
- A typical single-family home located in this region, with a hypothetical value of \$150,000 in 1995:Q1 would have increased in value to \$304,345 by 2006:Q4 and then decreased in value to \$204,666 at its trough in 2012:Q2 and rebounded to \$232,301 in 2016:Q1, or about the same as it was in the second quarter of 2004.

Baltimore-Towson Region

- House values in the Baltimore-Towson Region increased by 2.4 percent in 2016:Q1, the thirteenth consecutive quarter-over-quarter increase. This metro's increase was third highest among all the regions in the current quarter (See [Table 2A](#)).
- House values in the Baltimore-Towson MSA peaked in 2006:Q4 at 93.9 percent above the 1995:Q1 base year period, fourth highest among the eight regions (See [Table 2B](#)).
- Though home prices in this region have increased for thirteen straight quarters and are 44.0 percent above the base 1995:Q1 values, they still are 25.7 percent below their peak value in 2006:Q4.

⁴ All dollar values in this report are adjusted for inflation.

⁵ Silver Spring-Frederick-Rockville, MD MSAD is the new name for the Bethesda-Rockville-Frederick, MD MSAD.

- A hypothetical home in the Baltimore-Towson Region that was valued at \$150,000 in 1995:Q1 would have been valued at \$290,805 in 2006:Q4 and have fallen in value to \$196,457 at its trough in 2012:Q2 and rebounded to \$215,950 by 2016:Q1 or about the same it was in 2004:Q2.

Wilmington, DE-MD-NJ MSAD

- In the Wilmington, DE-MD-NJ MSAD Region house values increased by 2.1 percent in 2016:Q1, the eleventh consecutive quarter-over-quarter increase (See [Table 2A](#)).
- This region had much smaller value increases during the housing bubble than most other Maryland-related MSAs and MSADs. Single-family home values peaked in 2006:Q4 at 64.9 percent above 1995:Q1 values, the second lowest among the eight CBSA's (See [Table 2B](#)).
- Gains over the last three years have left 2016:Q1, home values in Wilmington, DE-MD-NJ MSAD Region 23.8 percent above the base 1995:Q1 values, and 24.9 percent below its 2006:Q4 peak.
- A hypothetical home in this MSAD would have increased from \$150,000 in 1995:Q1 to \$247,329 in 2006:Q4, and decreased to \$171,454 at its trough in 2012:Q2 and rebounded to \$185,698 by 2016:Q1, or about where it was in 2003:Q3.

Salisbury MD-DE MSA⁶

- House values in the Salisbury MSA increased by 2.2 percent in 2016:Q1, the eighth consecutive quarter-over-quarter increase and the second highest increase over the last nine years. This metro's increase was the fourth highest among all the regions in the current quarter (See [Table 2A](#)).
- Salisbury MD-DE MSA home values peaked at 104.1 percent above 1995:Q1 values in 2006:Q4, the second highest among all the regions (See [Table 2B](#)).
- Recent gains have left house values at 41.3 percent above 1995:Q1 values, and 30.8 percent below its peak in 2006:Q4.
- A hypothetical home in the Salisbury MSA would have increased from \$150,000 in 1995:Q1 to \$306,184 in 2006:Q4, and decreased to \$195,918 at its trough in 2014:Q1 and rebounded to \$211,904 by 2016:Q1, almost the same as it was in 2003:Q3.

⁶ The MSA for Salisbury MD has been changed to Salisbury MD-DE MSA, and now includes two new counties Worcester County, MD and Sussex County, DE. This change has led to a substantial increase (266%) in the total housing stock for the MSA.

Hagerstown-Martinsburg, MD-WV MSA⁷

- Home values in the Hagerstown-Martinsburg, MD-WV MSA Region saw a decline of 1.2 percent in 2016:Q1. Housing prices in this MSA declined for the first time after eleven consecutive quarter-over-quarter increases (See [Table 2A](#)).
- At its peak, this MSA had the fourth lowest appreciation in single-family detached housing values (84.2 percent from 1995:Q1 to 2007:Q1) (See [Table 2B](#)).
- Even with increases in the last three years, current values in Hagerstown-Martinsburg, MD-WV MSA Region are 38.5 percent below its peak period of 2007:Q1, with overall value appreciation in 2016:Q1 at 13.3 percent above the 1995:Q1 value, the second smallest percentage increase among all the eight regions.
- A hypothetical single-family house in this MSA valued at \$150,000 in 1995:Q1 would have been valued at \$276,340 in 2007:Q1 and would have dropped to \$155,849 at its trough in 2011:Q2 and increased to \$169,944 by 2016:Q1, or about where it was in 2002:Q1.

Cumberland, MD-WV MSA

- House values in the Cumberland, MD-WV MSA declined by 4.6 percent in 2016:Q1, the second straight decline and the highest decline in the last 10 quartets. The decline in house values is the highest among all the regions in the current quarter (See [Table 2A](#)).
- The Cumberland, MD-WV MSA had the lowest value appreciation among all the regions in Maryland, peaking late in 2007:Q2 at only 31.4 percent over 1995:Q1 (See [Table 2B](#)).
- The 2016:Q1 value for the region is 23.5 percent below its peak, and has an overall price appreciation of 0.6 percent from 1995:Q1 to 2016:Q1.
- A hypothetical single-family house in this MSA valued at \$150,000 in 1995:Q1 would have been valued at \$197,167 in 2007:Q2 but would have dropped to \$146,814 in 2015:Q4, which is the trough. Current home values are about the same as they were in 2003:Q4.

⁷ Hagerstown-Martinsburg, MD-WV MSA now has one fewer original counties that led to a slight decrease (10%) in the total housing stock.

California-Lexington Park, MD MSA⁸

- House values in the California-Lexington Park, MD MSA decreased by 0.3 percent in 2016:Q1, the first decline after six consecutive quarter-over-quarter increases (See [Table 2A](#)).
- The California-Lexington Park, MD MSA had the fourth highest peak value appreciation among all the regions in Maryland, peaking at 98.6 percent over 1995:Q1 in 2006:Q4 (See [Table 2B](#)).
- The 2016:Q1 value for the region is 33.7 percent below its peak, and has an overall price appreciation of 31.7 percent from 1995:Q1 to 2016:Q1.
- A hypothetical single-family house in this MSA valued at \$150,000 in 1995:Q1 would have been valued at \$276,152 in 2006:Q4 but would have dropped to \$175,546 at its trough in 2014:Q2 and rebounded to \$183,096 by 2016:Q1, or about the same point as in 2003:Q4.

“Non-Metro” Maryland⁹

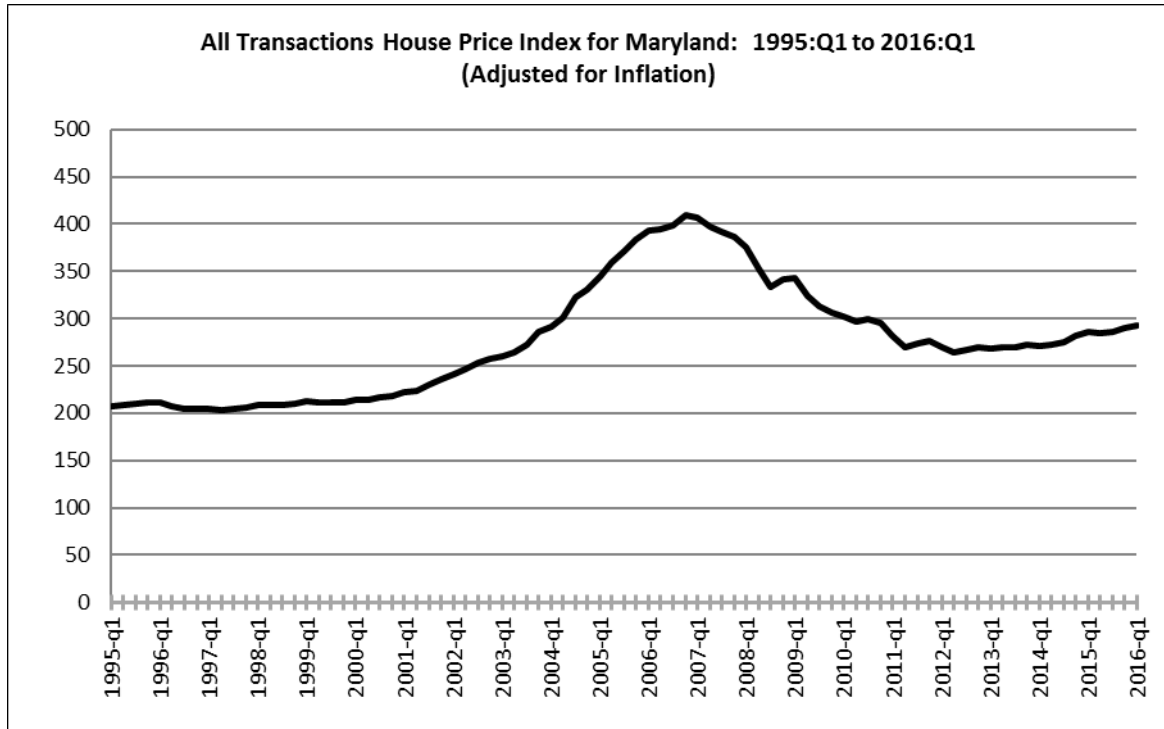
- Home values in the non-metro portion of Maryland increased by 5.5 percent in 2016:Q1, the fourth consecutive quarter-over-quarter increase and the highest increase among all regions. The most recent gain was the sixth increase in the last seven quarters. (See [Table 2A](#)).
- Taken as a whole, the non-metro areas saw the third highest peak increase in home values since 1995:Q1, increasing by 103 percent at its peak in 2007:Q1 (See [Table 2B](#)).
- Current values in Non-metro areas are 31.5 percent below their peak and have an overall value appreciation of 39.1 percent above 1995:Q1.
- A hypothetical single-family house in the non-Metro area valued at \$150,000 in 1995:Q1 would have been valued at \$304,466 in 2007:Q1 and would have dropped to \$188,412 to its trough in 2014:Q2, and rebounded to \$208,626 by 2016:Q1 or about where it was in the third quarter of 2003.

⁸ California-Lexington Park, MD MSA is new metropolitan area consisting of St. Mary’s County.

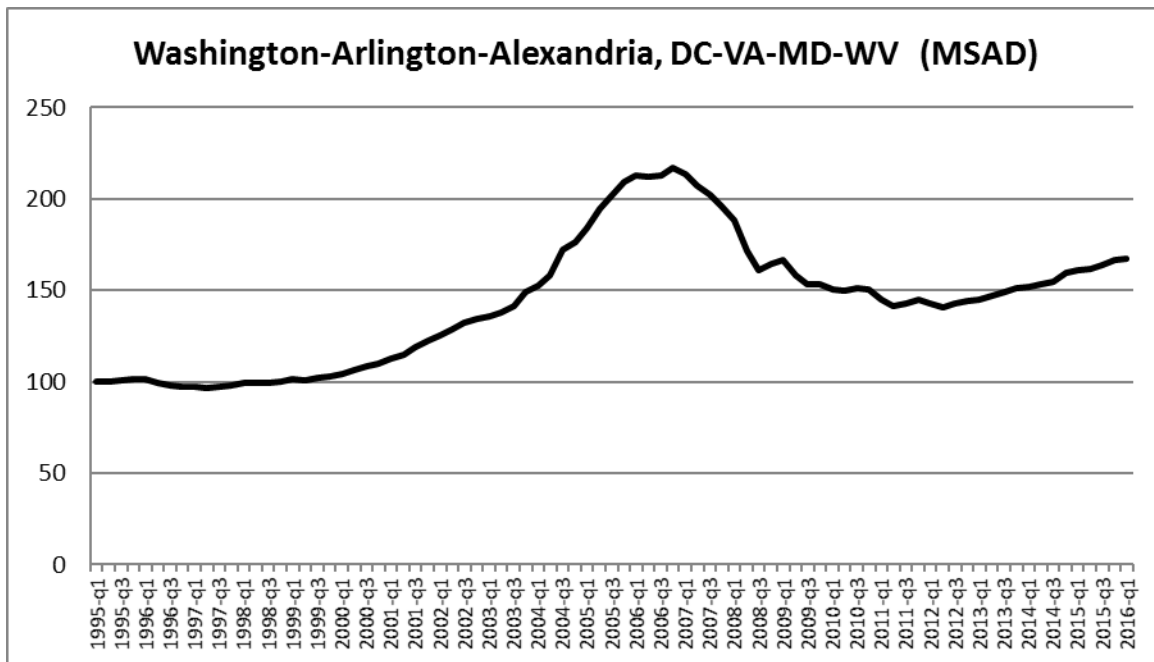
⁹ The four micropolitan areas of Maryland that do not have enough transactions to calculate their own MSA index and the three counties that do not lie within any MSA are lumped together into one “non-metro” region by the FHFA. This region includes Garrett County in Western Maryland, and Caroline, Dorchester, Kent, and Talbot counties, all on the Eastern Shore.

Charting the Changes

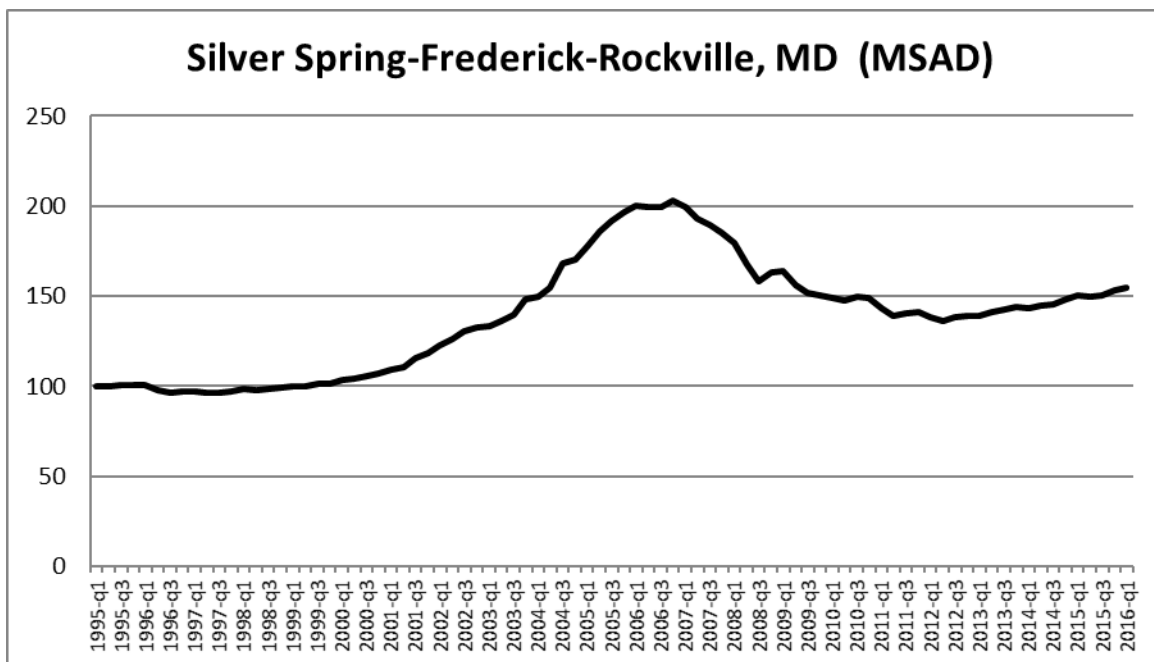
The following ten charts show the inflation-adjusted change in the HPI for each of these MSAs and MSADs and for Maryland. The HPI data for all MSAs is indexed to the first quarter of 1995 and both housing unit value change and inflation change were calculated forward from that point.



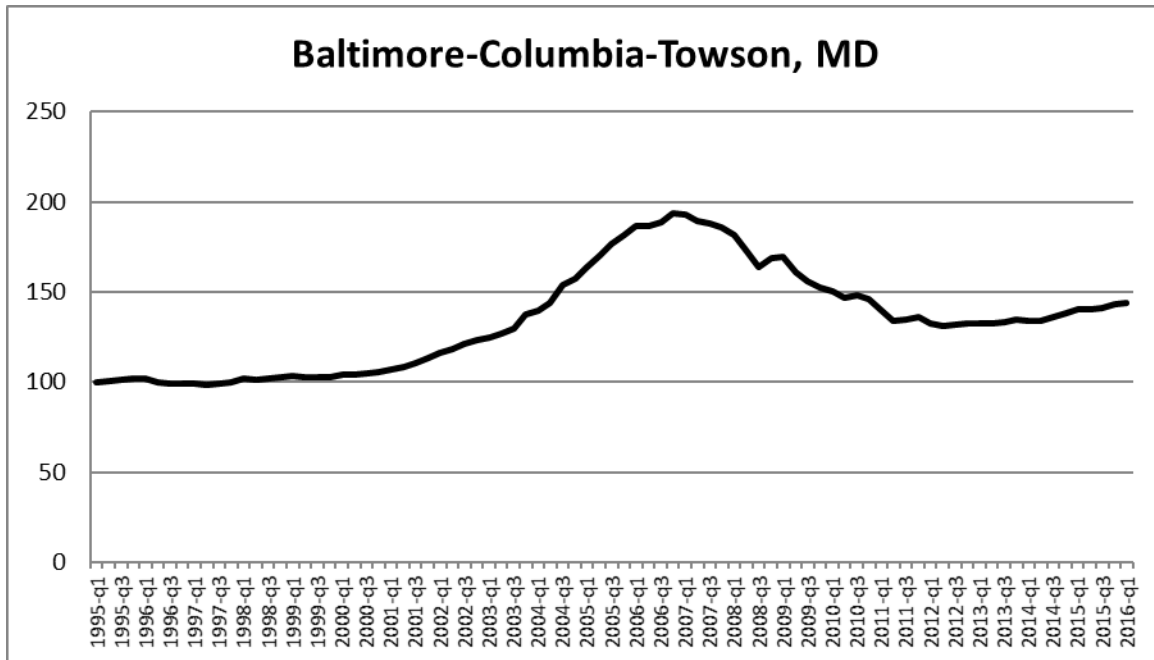
Source: Quarterly House Price Index, First Quarter 2016, Federal Housing Finance Agency, 2016



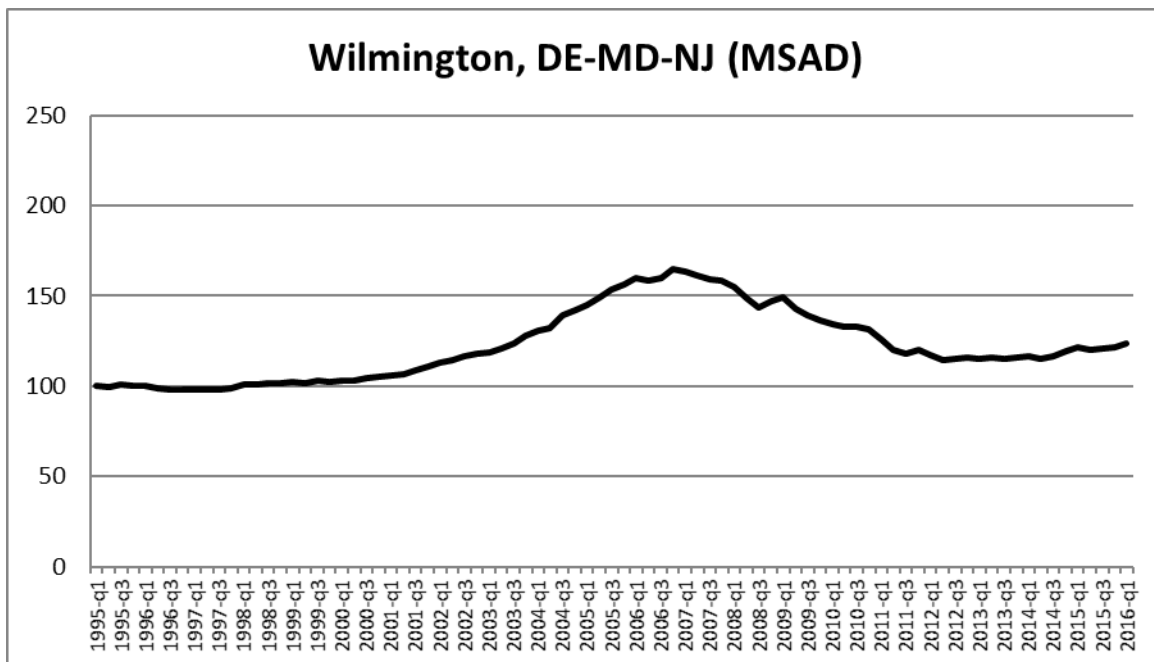
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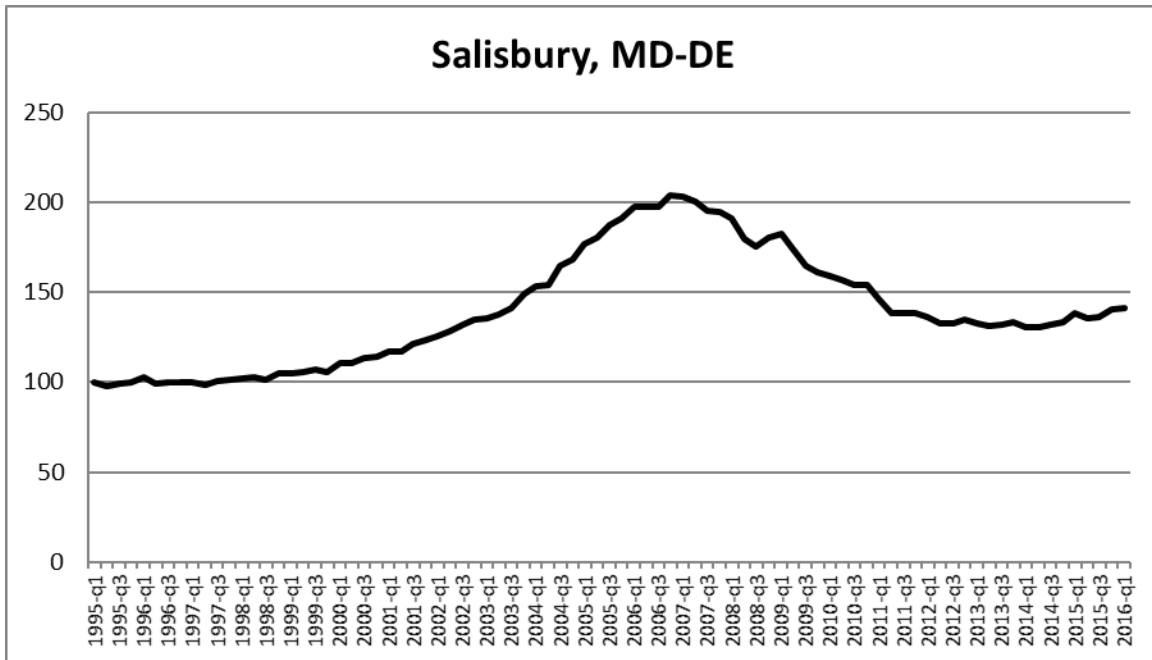
Source: Quarterly House Price Index, First Quarter 2016, Federal Housing Finance Agency, 2016



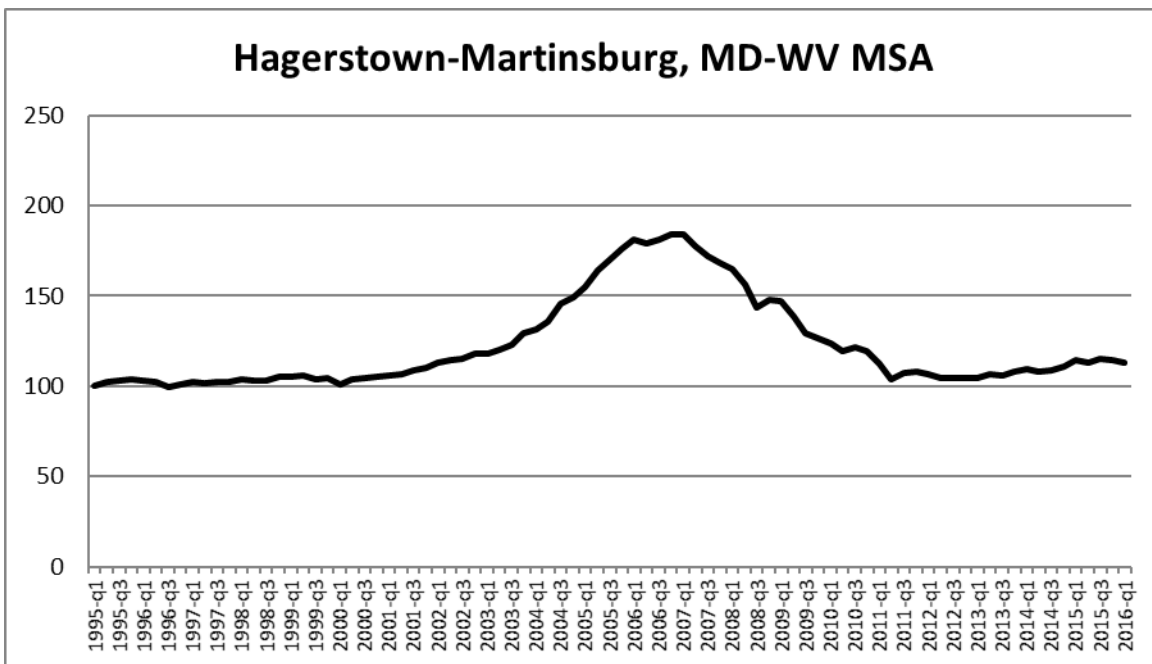
Source: Quarterly House Price Index, First Quarter 2016, Federal Housing Finance Agency, 2016



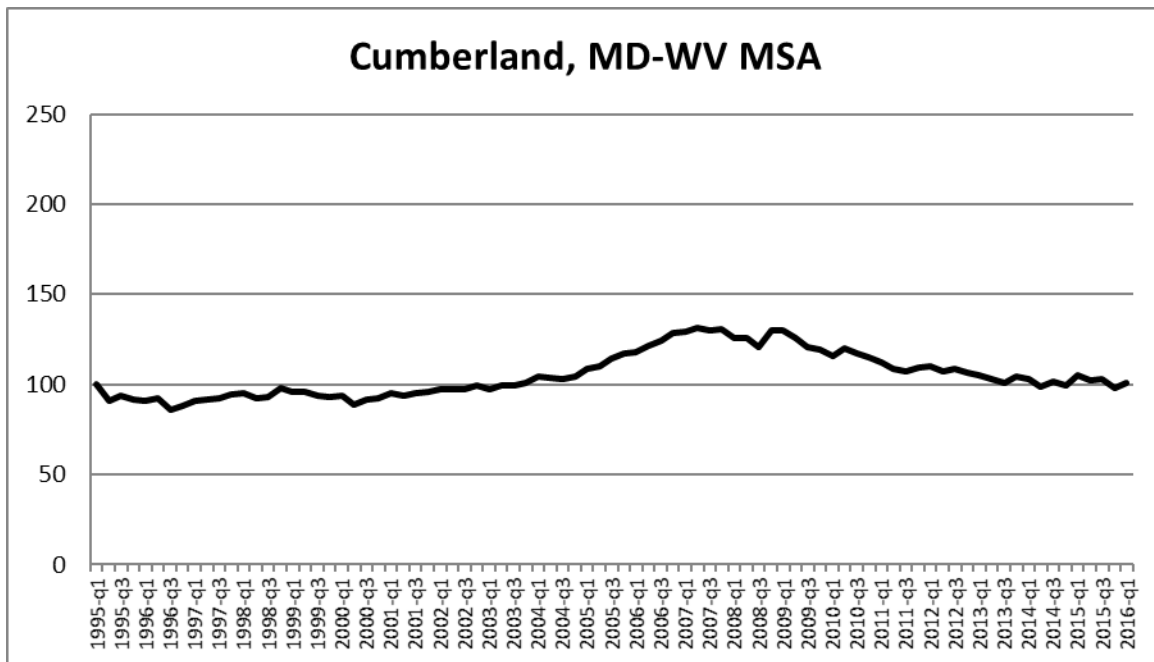
Source: Quarterly House Price Index, First Quarter 2016, Federal Housing Finance Agency, 2016



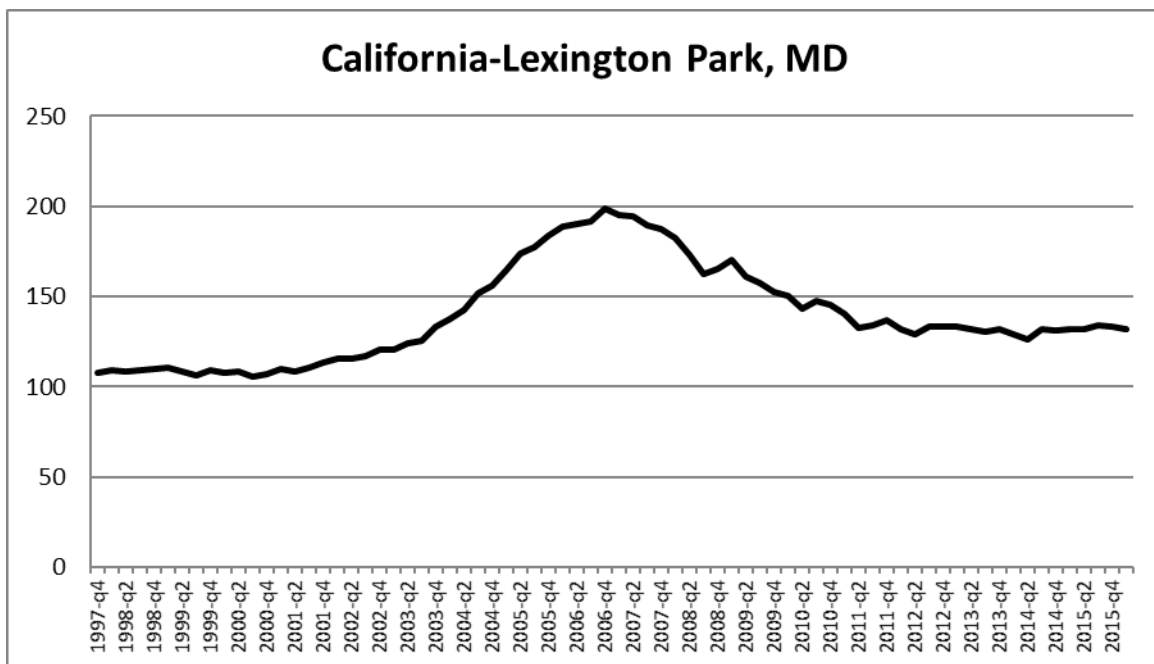
Source: Quarterly House Price Index, First Quarter 2016, Federal Housing Finance Agency, 2016



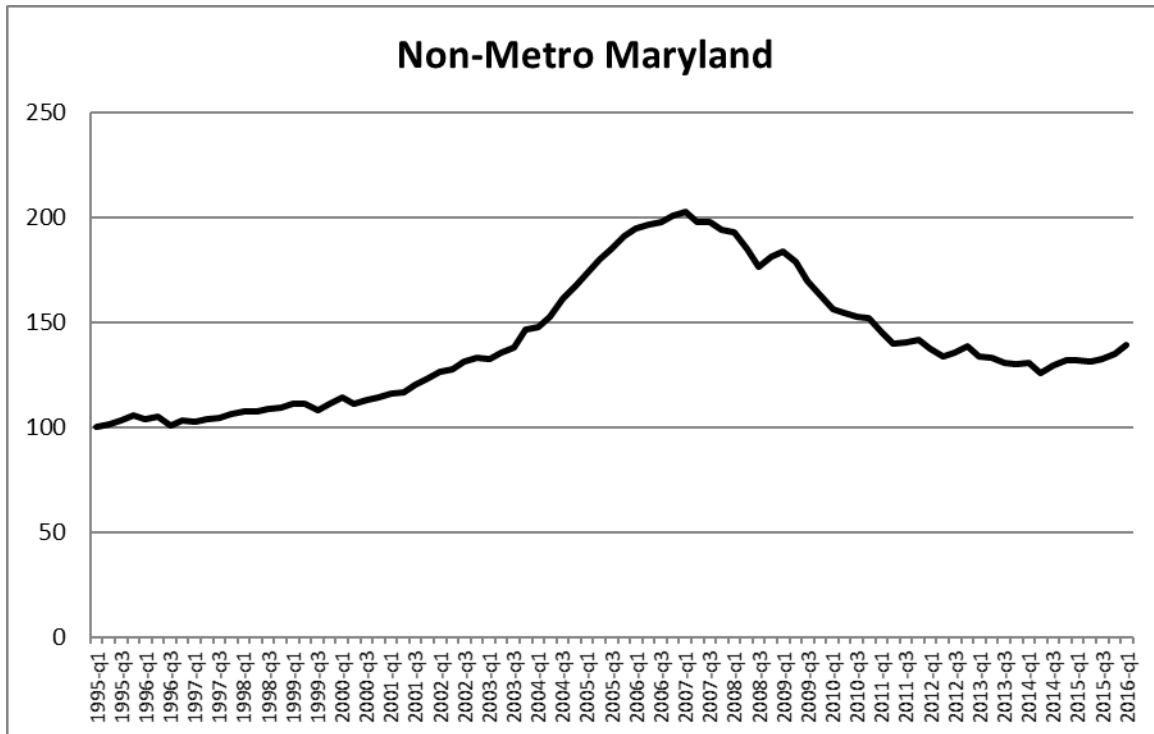
Source: Quarterly House Price Index, First Quarter 2016, Federal Housing Finance Agency, 2016



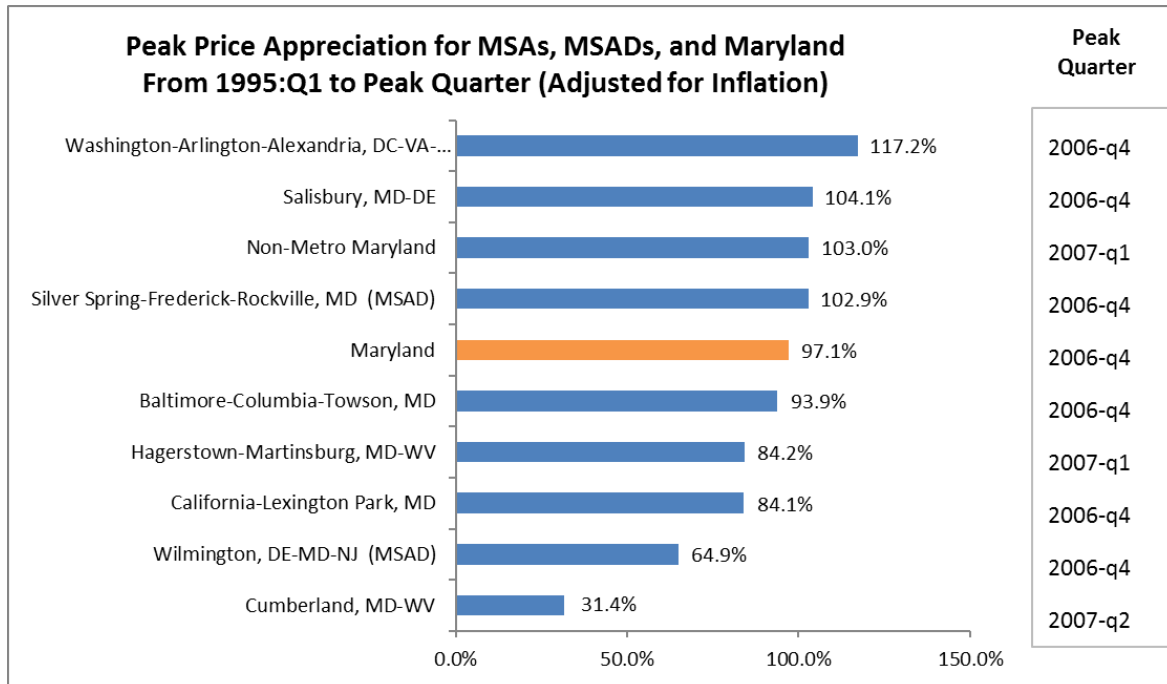
Source: Quarterly House Price Index, First Quarter 2016, Federal Housing Finance Agency, 2016



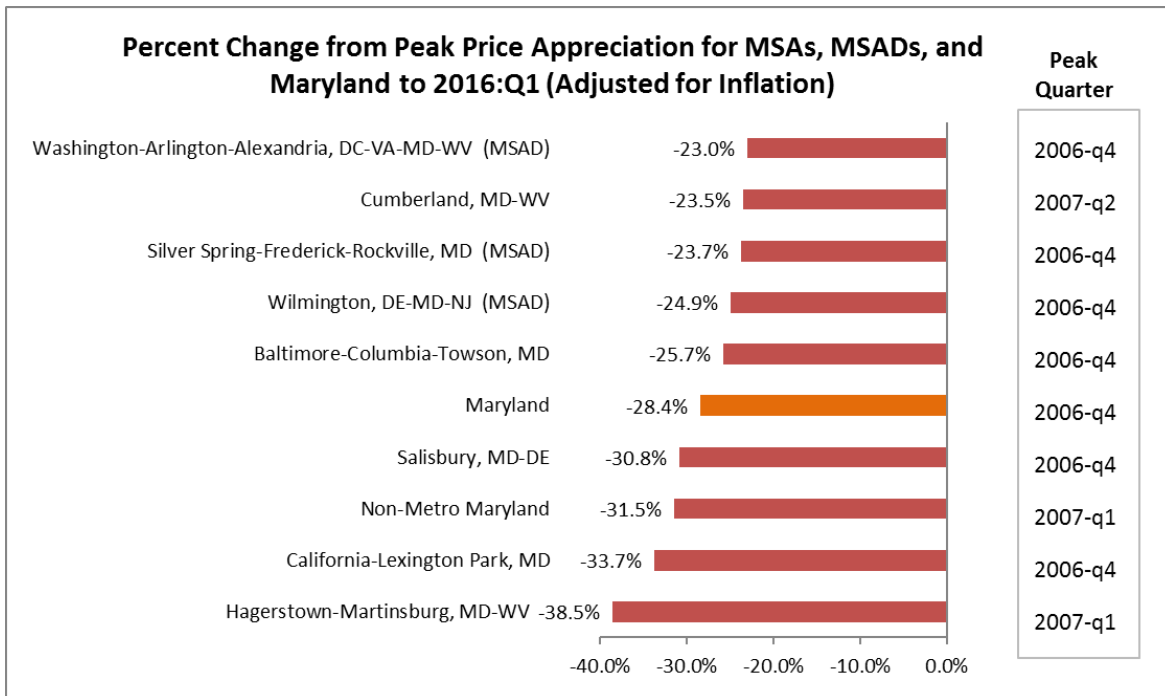
Source: Quarterly House Price Index, First Quarter 2016, Federal Housing Finance Agency, 2016



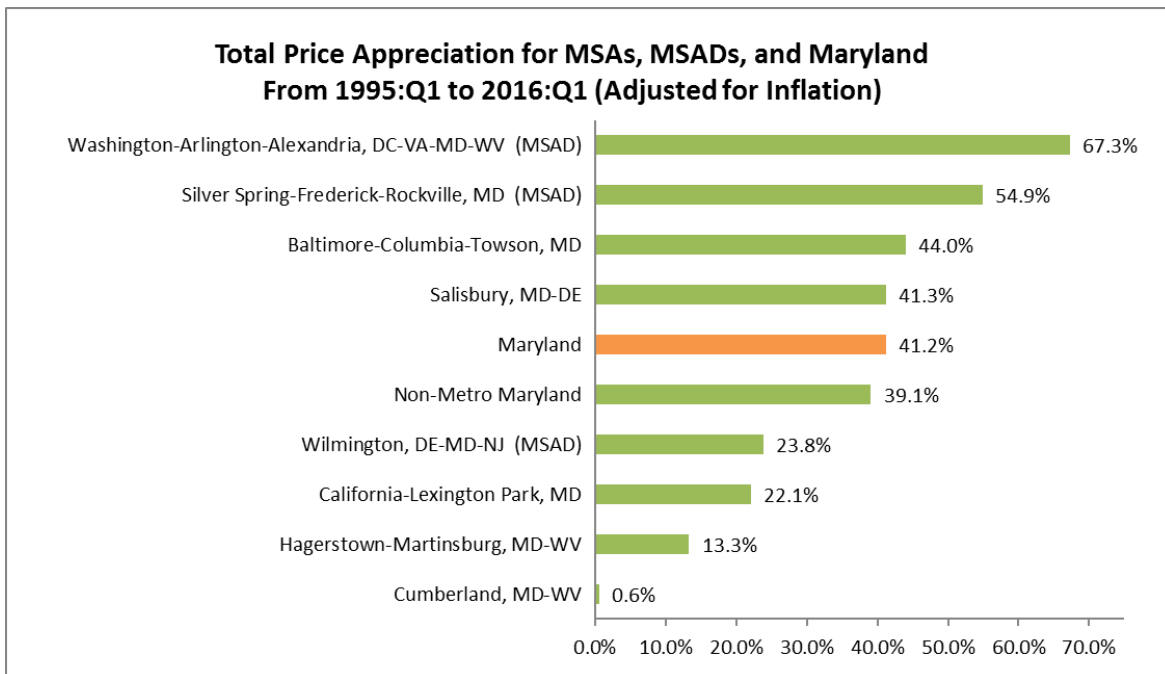
Source: Quarterly House Price Index, First Quarter 2016, Federal Housing Finance Agency, 2016



Source: Quarterly House Price Index, First Quarter 2016, Federal Housing Finance Agency, 2016



Source: Quarterly House Price Index, First Quarter 2016, Federal Housing Finance Agency, 2016



Source: Quarterly House Price Index, First Quarter 2016, Federal Housing Finance Agency, 2016

Note that the data in the previous three charts are illustrated in [Map 2](#), [Map 3](#), and [Map 4](#).

About GSE Conforming Mortgage Loans

Both the Purchase Only House Price Index (HPI) and the All Transactions House Price Index are calculated from information gathered from the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). Both Fannie Mae and Freddie Mac are government-sponsored enterprises (GSEs), and are limited by law as to the value of the mortgages that they can purchase from mortgage originators (such as banks and other mortgage lenders). Mortgages that can be purchased by the GSEs are known as conforming conventional mortgages, as they conform to the rules set by Congress for purchase by the GSEs.

This means that other types of mortgages are not included in the HPI calculation. Single-family homes financed by government insured loans (such as VA loans) and those financed by mortgages whose value exceeds the conforming loan threshold (known as jumbo loans) are not included in the HPI. Also, because the HPI only measures single family units, loans for all attached homes, townhomes and condominiums are excluded whether these loans are conforming or not.

Obtaining a conforming loan can be problematic in areas with expensive housing, as even a modest single-family house may require a mortgage that is too large to conform to GSE regulations. In 2008, the FHFA recognized this issue and implemented different maximum levels for “high-cost” counties across the United States.¹⁰ Previously, the only deviations from the national conforming loan limit were for high costs states like Alaska and Hawaii. Current 2016 conforming loan limits for Maryland jurisdictions are listed below.

Maximum Loan Limits for Loans Acquired in Calendar Year 2016 and Originated after 9/30/2011 or Prior to 10/1/2008

Metropolitan Statistical Area / Jurisdiction	Conforming Loan Limit
Baltimore-Towson (Metropolitan Area) Component Jurisdictions: Anne Arundel, Baltimore, Carroll, Harford, Howard, and Queen Anne's Counties, Baltimore City	\$494,500
Washington-Arlington-Alexandria, DC-VA-MD-WV (Metropolitan Area) Component Jurisdictions (MD): Calvert, Charles, Frederick, Montgomery, and Prince George's Counties	\$625,500
All Other Jurisdictions	\$417,000

Source: Federal Home Finance Agency

¹⁰ The conforming loan limit in “general” cost counties across the lower 48 states has been \$417,000 since 2006. Before 2008, no conforming mortgage in any county in the lower 48 states could exceed this value.

About the FHFA's All Transactions House Price Index (HPI)

The All Transactions House Price Index (HPI) is a data series formerly published by the Office of Housing Enterprise Oversight (OFHEO) and now published by the Federal Housing Finance Agency (FHFA), a government agency responsible for overseeing the actions of the Federal National Mortgage Association (FNMA), commonly known as Fannie Mae, and the Federal Home Loan Mortgage Corporation (FHLMC), commonly known as Freddie Mac.¹¹ According to the FHFA, "The HPI for each geographic area is estimated using repeated observations of housing values for individual single-family residential properties on which at least two mortgages were originated and subsequently purchased by either Freddie Mac or Fannie Mae since January 1975."¹² Data from these two sources cover 40 percent of all mortgages issued in the U.S. Restricting the index to existing housing sales helps to control for the effect that differing housing types and characteristics might have on the data.¹³ To remove the effects that inflation has on home prices, the HPI was adjusted for inflation using the Bureau of Labor Statistics' Consumer Price Index "All Items Less Shelter" series.¹⁴

As this data is published for states and many Metropolitan Statistical Areas (MSAs) within the U.S., it is useful for tracking housing price trends on the state and local level. One fault with this data set is that it only tracks single-family detached housing, which in Maryland only comprises 51.6 percent of all housing units (61.6 percent in the U.S. as a whole). Another is that it doesn't capture the price effects that newly-built homes may have on the housing market until after they have been sold and resold. Even with these faults, the HPI is useful as it supplies consistent data across the U.S. for tracking home price appreciation trends over a 39 year period.

Number of Housing Units by Units in Structure, Maryland, 1-Year 2014 Estimate

	Maryland	
	Estimate	Margin of Error
Total:	2,422,317	+/-480
1 unit, detached	1,240,633	+/-9,880
1 unit, attached	516,405	+/-8,033
2 units	38,682	+/-3,189
3 or 4 units	58,044	+/-3,693
5 to 9 units	122,665	+/-5,370
10 to 19 units	207,733	+/-6,463
20 to 49 units	56,010	+/-3,438
50 or more units	148,026	+/-4,885
Mobile home	33,482	+/-2,840
Boat, RV, van, etc.	637	+/-416

¹¹ The Federal Housing Finance Agency (FHFA) was created on July 30, 2008 through a legislative merger of the Office of Federal Housing Enterprise Oversight (OFHEO), the Federal Housing Finance Board (FHFB) and the U.S. Department of Housing and Urban Development (HUD) government-sponsored enterprise (GSE) mission team. FHFA regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks.

¹² http://www.fhfa.gov/webfiles/896/hpi_tech.pdf.

¹³ For more information, see http://www.fhfa.gov/webfiles/896/hpi_tech.pdf.

¹⁴ Adjusted using series ID# CUUR0000SA0L2 as described in question 17 of the HPI FAQ, available at <http://www.fhfa.gov/Media/PublicAffairs/Pages/Housing-Price-Index-Frequently-Asked-Questions.aspx>.

Source: 2014 American Community Survey 1-Year Estimates

This data set is also related to, but is not the same as, the S&P/Case-Shiller® Home Price Indices published by Standard & Poors. There are four major differences between the S&P/Case-Shiller® Index and FHFA's All Transactions Home Price Index. First, S&P/Case-Shiller® uses only purchase prices to calibrate their index, while FHFA's All Transactions HPI uses both purchase prices and refinance appraisals.¹⁵ Second, S&P/Case-Shiller uses selling prices recorded at county assessor's and recorder's offices, while FHFA uses data from conforming, conventional mortgages provided by Fannie Mae and Freddie Mac. Third, S&P/Case-Shiller® "value-weights" its index, meaning that more expensive homes have more influence on the index, while FHFA weights all home prices equally. Finally, S&P/Case-Shiller® does not cover 13 states, while FHFA data covers all 50 states. The FHFA created a detailed report that covers the similarities and differences between the two indexes, available at <http://us.spindices.com/documents/methodologies/methodology-sp-cs-home-price-indices.pdf>.

¹⁵ FHFA has a separate index, the Purchase Only HPI, that uses only purchase price data. That index is discussed in the report *The House Price Index (HPI) for Purchase-Only Conventional Mortgage Transactions in Maryland, 1995 – 2014*, also on this website.